

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. TF-03-133 TF-03-134 (RPU-02-3, RPU-02-8)
---	---

**ORDER CONDITIONALLY APPROVING COMPLIANCE TARIFFS
AND APPROVING CORPORATE UNDERTAKING**

(Issued May 28, 2003)

On April 29, 2003, Interstate Power and Light Company (IPL) filed compliance tariffs, identified as TF-03-133 and TF-03-134, consistent with the final decision and order of the Utilities Board (Board) issued on April 15, 2003, in Docket Nos. RPU-02-3 and RPU-02-8. No objections to the compliance tariffs were filed. The Board has reviewed the compliance tariffs and finds that they are consistent with the Board's final decision and order.

Several parties have filed requests for rehearing of the Board's April 15, 2003, order. While generally the Board does not rule on compliance tariffs until after rehearing has been decided, in these dockets the Board's April 15, 2003, order represents a significant increase, approximately \$10.7 million, over the temporary rates established by Board order issued June 27, 2002. The statutory 10-month deadline in Docket No. RPU-02-3 has also been extended so the Board could consider the class cost-of-service study, rate design, and rate equalization issues

raised in Docket No. RPU-02-8 at the same time revenue requirement issues raised in Docket No. RPU-02-3 were considered.

If the Board does not rule on compliance tariffs until after rehearing issues are decided, there will be a significant delay in implementing rates the Board found just and reasonable in its April 15, 2003, decision. Because of the magnitude of the difference between temporary and final rates, and the prior extension of the 10-month deadline, IPL would suffer a sizeable revenue loss that would not be recoverable in a future rate proceeding.

At the same time, the Board recognizes that its decision on rehearing could impact the revenue requirement established in its April 15, 2003, order. Therefore, the Board will approve the compliance tariffs filed, but will condition its approval upon IPL filing a bond or corporate undertaking agreeing to refund, at a rate of interest established by the Board consistent with Iowa Code § 476.6(13), any amounts collected under the April 29, 2003, compliance tariffs that are in excess of any amounts approved by the Board at the conclusion of the rehearing process. Although Iowa Code chapter 476 does not specifically address this situation, conditioning approval of the compliance tariffs upon IPL voluntarily undertaking a refund obligation protects customers from paying more than is ultimately approved after the conclusion of the rehearing process.

In most recent instances, rate cases have been settled so there is no question about the timing of the effectiveness of compliance tariffs. In other cases, the difference in temporary and final rates is such that the utility asks that the filing of compliance tariffs be delayed until after rehearing. These consolidated dockets

present unusual circumstances not typically present in rate proceedings, and the Board does not view its decision here as precedent for future proceedings.

As part of the Board's final decision and order, IPL was ordered to establish an escrow account or file a corporate undertaking agreeing to refund to ratepayers amounts, if any, determined by the Board to be appropriate with respect to collection of taxes until the Internal Revenue Service completes its audit process. IPL elected to file a corporate undertaking and made the filing on May 5, 2003. The corporate undertaking with respect to this issue will be approved.

IT IS THEREFORE ORDERED:

1. Compliance tariffs, identified as TF-03-133 and TF-03-134, are approved, effective on the date of this order, conditioned upon Interstate Power and Light Company filing a bond or corporate undertaking as described in this order.
2. The corporate undertaking filed on May 5, 2003, which relates to the collection of taxes, is approved.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 28th day of May, 2003.